

No. 21947 ✓

See Vol.  
3450

IN THE

# United States Court of Appeals

FOR THE NINTH CIRCUIT

FRANK N. RAWLINGS,

*Appellant,*

*vs.*

NATIONAL MOLASSES Co., a corporation; ORITA LAND  
& CATTLE CORPORATION, a corporation; HEBER  
CATTLE FEEDERS, a corporation; and ALLIED CATTLE  
FEEDERS, a corporation,

*Appellees.*

## APPELLANT'S OPENING BRIEF.

MASON & GRAHAM,  
COLLINS MASON,  
WILLIAM R. GRAHAM,  
811 West Seventh Street,  
Los Angeles, Calif. 90017,  
*Attorneys for Appellant.*

**FILED**

**NOV 30 1967**

**WM. B. LUCK, CLERK**

EC-1067



## TOPICAL INDEX

I.	Page
Statement of Pleadings and Jurisdictional Facts ..	2
A. Pleadings .....	2
B. Jurisdiction .....	2
C. The Parties .....	2
II.	
Statemnt of the Case .....	3
A. Facts .....	3
B. Questions Involved .....	5
III.	
Specification of Errors .....	7
IV.	
Argument .....	8
A. By Its Terms, Rule 19(a), Federal Rules of Civil Procedure, Is Not Applicable to an Ab- sent Party Which Is Not Subject to Service of Process, or Which Does Not Assert a Claim of the Nature Required by Subdivi- sions (1) and (2) of the Rule .....	8
B. Even a Patent Owner, Which Is Beyond the Reach of Process, Will Be Bound by a Judg- ment Rendered in Its Absence When It Has Been Invited but Refused to Join Volun- tarily .....	13
C. A Non-Exclusive Licensee Is Not a Proper Party to a Patent Infringement Action .....	13
D. The Undisputed Record Shows Appellant to Be the Sole Owner of the Patent in Suit ....	17
E. The District Court's Order of Dismissal Is Final and Appealable .....	20
Conclusion .....	21

## INDEX TO APPENDICES

	Page
Appendix A. Patent Assignment .....	1-a
Appendix B. Patent License Grant.....	3-a
Appendix C. Affidavit of Frank N. Rawlings.....	5-a
Appendix D. 1966 Pocket Part of Barron and Holtzoff's "Federal Practice and Procedure", Rules Edition, Section 512, Page 25 of the Pock- et Part .....	8-a
Appendix E. List of Exhibits .....	11-a

## TABLE OF AUTHORITIES CITED

Cases	Page
Hoffman v. Babbitt Bros. Trading Co., 203 F. 2d 636 .....	18
Independent Wireless Telegraph Company v. Radio Corporation of America, 269 U.S. 459, 70 L. Ed. 357 .....	13
Innis, Speiden & Co. v. Food Machinery Corporation, 2 F.R.D. 261 .....	14
Kelly v. Delaware River Joint Commission, 187 F. 2d 93 .....	20
Norvell v. McGraw-Edison Co., 154 USPQ 355 ....	12
Societe Internationale v. Rogers, 357 U.S. 197, 2 L. Ed. 2d 1255 .....	19
Special Equipment Company v. Coe, 324 U.S. 370, 89 L. Ed. 1006 .....	14
State of Washington v. United States, 87 F. 2d 421 .....	11
Stumpf v. Fidelity Gas Co., 294 F. 2d 886 .....	11
Waterman v. Mackenzie, 138 U.S. 252, 11 S. Ct. 334, 34 L. Ed. 923 .....	10, 15
Western Electric Co. v. Pacent Reproducer Corp., 42 F. 2d 116 .....	10, 16
Rules	
Federal Rules of Civil Procedure, Rule 8 .....	17
Federal Rules of Civil Procedure, Rule 19 .....	11, 12
Federal Rules of Civil Procedure, Rule 19(a) .....	1, 4, 6, 8, 9, 10
Federal Rules of Civil Procedure, Rule 19(a)(1) ..	10
Federal Rules of Civil Procedure, Rule 19(a)(2) ..	10
Federal Rules of Civil Procedure, Rule 19(b) ..	6, 8, 10
Federal Rules of Civil Procedure, Rule 59 .....	4

iv.

Statutes	Page
United States Code, Title 28, Sec. 1291 .....	2
United States Code, Title 28, Sec. 1338a .....	2
United States Code, Title 28, Sec. 1400a .....	2
United States Code, Title 35, Sec. 100 .....	14
United States Code, Title 35, Sec. 154 .....	13, 14
United States Code, Title 35, Sec. 261 .....	14
United States Code, Title 35, Sec. 281 .....	14

Textbooks

Barron and Holtzoff, Federal Practice and Procedure, Rules Edition, Section 512 .....	10
Barron and Holtzoff, Federal Practice and Procedure, Rules Edition, Section 521 .....	9
3 Barron and Holtzoff, Federal Practice and Procedure, Rules Edition, Sec. 1231 .....	18

No. 21947

IN THE

**United States Court of Appeals**  
FOR THE NINTH CIRCUIT

---

FRANK N. RAWLINGS,

*Appellant,*

*vs.*

NATIONAL MOLASSES Co., a corporation; ORITA LAND  
& CATTLE CORPORATION, a corporation; HEBER  
CATTLE FEEDERS, a corporation; and ALLIED CATTLE  
FEEDERS, a corporation,

*Appellees.*

---

**APPELLANT'S OPENING BRIEF.**

---

This appeal is by Plaintiff-Appellant, Frank N. Rawlings, from a final District Court order summarily dismissing this action for infringement of United States Patent No. 2,748,001.\* The dismissal was granted on Appellees' motion [R. 337], based solely on the proposition that one Feed Service Corporation (hereinafter called "Feed Service"), a non-exclusive licensee under the patent (and not subject to service of process), has a "joint interest" therein which renders it an indispensable party within the meaning of Rule 19(a), Federal Rules of Civil Procedure. There is nothing in the record showing that Feed Service owns or asserts any claim or interest other than the non-exclusive license, Exhibit B.

---

\*While Patent No. 2,807,546 was sued upon in the original complaint, the amended and supplemental complaint was subsequently dismissed as to that patent.

I.

Statement of Pleadings and Jurisdictional Facts.

A. Pleadings.

The pleadings are: the original complaint [R. 1], which was superseded by the amended and supplemental complaint [R. 211]; and Appellees' answer to the amended and supplemental complaint [R. 276], challenging validity of the patent and denying infringement.

The motion proceedings are: Appellees' motion to dismiss [R. 329]; the Court's order granting the motion [R. 526]; Appellant's motion for new trial [R. 529]; and the District Court's order denying the motion for new trial [R. 571].

The documents evidencing the title status of the patent are: the issued patent, R. 336; the assignment, Ex. A, R. 332, see Appendix A; and the non-exclusive license, Ex. B, R. 334, see Appendix B.

B. Jurisdiction.

Jurisdiction of the District Court arises under the patent statute, Title 35 U.S.C., and under 28 U.S.C. 1338a. Venue arises under 28 U.S.C. 1400a. Appellate jurisdiction arises under 28 U.S.C. 1291.

C. The Parties.

The parties are: Plaintiff-Appellant Frank N. Rawlings, and the Defendants-Appellees, National Molasses Co., a Delaware corporation (hereinafter sometimes called "National"), licensed to do business in the State of California, and maintaining a regular and established place of business in Wilmington, Los An-



geles County, California; Orita Land & Cattle Corporation, Heber Cattle Feeders, and Allied Cattle Feeders, California corporations having regular and established places of business in Imperial County, California.

## II.

### Statement of the Case.

#### A. Facts.

The amended and supplemental complaint charges infringement by appellees of United States Patent No. 2,748,001. The patent is for a joint invention of appellant and one Frank C. Anderson (hereinafter called "Anderson"). Prior to issuance of the patent, Anderson assigned all his interest to Feed Service; and the patent issued to appellant and Feed Service, as co-owners, as shown on the face of the patent [R. 336].

Appellant gave written notice to Feed Service (a Nebraska corporation not subject to service of process), of the intended filing of this action, and invited it to join, which invitation was declined (see appellant's unrefuted affidavit [R. 569], Appendix C p. 5a). Upon said refusal to join, appellant instituted this action, naming Feed Service, then a co-owner of the patent, as an unwilling party, although it never appeared, and service of the court's process could not be obtained.

Subsequently, and prior to the filing of the amended and supplemental complaint, appellant acquired from Feed Service a full *assignment* of all the latter's right, title and interest in the patent [Ex. A, Appendix B, p. 1a], and Feed Service acquired from appellant a *non-exclusive* license to practice the invention and to *non-exclusively* sublicense others to do so. [Ex. B,

Appendix B, p. 3a]. By stipulation and court order [R. 209], appellant then dismissed the action as to Feed Service and, in his new capacity as sole owner, filed his amended and supplemental complaint.

After answer, appellees moved to dismiss under Rule 19(a), Federal Rules of Civil Procedure, the motion being based on the non-joinder of Feed Service, claimed by appellees to be an indispensable party; which motion was granted by the District Court order entered December 21, 1966 [R. 526], reading as follows:

“At the time this suit was filed, Feed Service Corporation of Nebraska owned one-half interest in the patents in suit but declined to participate in this action either as plaintiff or defendant.

“To circumvent rule 19(a), the plaintiff obtained a document entitled ‘Patent Assignment’ from Feed Service Corporation in exchange for a document entitled ‘Patent License Grant.’

“However, after the exchange of these documents, Feed Service Corporation still has all the rights it had as co-owner, including the right to grant sublicenses and retain the royalties.

“THEREFORE, it appears to me that Feed Service Corporation has a joint interest in the patent in suit and is an indispensable party within the meaning of Rule 19(a).

“Defendants’ motion to dismiss is therefore granted.”

After which order appellant moved for a new trial [R. 529] under Rule 59 of the Federal Rules of Civil Procedure, which motion was denied by the District

Court's order entered March 24, 1967 [R. 571], reading as follows:

"This court granted a Motion to Dismiss for failure to join an indispensable party within the meaning of Rule 19(a), and plaintiff now moves for a new trial pursuant to Rule 59 which defendant counters with a Motion to Strike. The motions were submitted on briefs.

"I have reviewed the briefs and still feel that the interest of Feed Service in this patent makes them an indispensable party.

"THEREFORE the motion for new trial is denied."

Thus, the dismissal leaves appellant without any adequate remedy for the infringement.

On April 17, 1967, appellant noticed this appeal.

#### **B. Questions Involved.**

1. Whether Feed Service owns or claims any interest in the subject matter of this action which renders it an indispensable party.

2. Whether Feed Service still owns the rights it owned previous to its assignment. Ex. A, at which time it was a co-owner of the patent.

3. Whether the District Court construed, or was justified in construing, the contracts Exhibits A and B contrary to their express terms and conditions.

4. Whether the record established that Feed Service owns or asserts any claim such as is expressly required

by Rules 19(a) and 19(b), Federal Rules of Civil Procedure, to render it an indispensable party.

5. Whether the record establishes that Feed Service owns or asserts any claim which, in its absence, could not be amply protected by protective provisions in a judgment between the existing parties.

6. Whether the record establishes that Feed Service owns or asserts any claim which, in its absence, would be prejudiced by a judgment between the existing parties.

7. Whether the District Court's dismissal for non-joinder of Feed Service deprives Appellant of an adequate remedy for the alleged infringement since Feed Service is not subject to service of process.

8. Whether in the absence of Feed Service a judgment between the existing parties would be adequate.

9. Whether the record establishes any reason why this action cannot proceed to judgment among the existing parties pursuant to Rule 19(b), Federal Rules of Civil Procedure.

10. Whether a non-exclusive patent licensee is a proper party to an action by the patent owner for infringement of the patent.

Appellant submits that questions 1-6, inclusive, and 9 and 10 should be answered in the negative, and that questions 7 and 8 should be answered in the affirmative.

III.

Specification of Errors.

Appellant contends that it was clearly erroneous for the District Court:

A. To conclude and hold that Feed Service is an indispensable party and to summarily dismiss the action on that ground.

B. To conclude and hold that, after the documents, Exhibits A and B were executed, Feed Service still had all the rights in the patent which it had before those documents were executed.

C. To summarily dismiss this action.

D. In failing to conclude and hold that Feed Service does not own or assert any claim which would bar proceeding to judgment among the existing parties to this action.

E. In failing to conclude and hold that Feed Service does not own or assert any claim which would prevent complete relief from being accorded in its absence by a judgment between the existing parties.

F. To fail to conclude and hold that the non-exclusive license, Exhibit B, held by Feed Service, does not constitute a claim which renders Feed Service an indispensable party.

G. To fail to conclude that there is any issue properly before the Court which questions the authenticity of the contracts Exhibit A and B.

H. To fail to construe Exhibits A and B in accordance with their express intents, terms and conditions.

IV.

Argument.

- A. By Its Terms, Rule 19(a), Federal Rules of Civil Procedure, Is Not Applicable to an Absent Party Which Is Not Subject to Service of Process, or Which Does Not Assert a Claim of the Nature Required by Subdivisions (1) and (2) of the Rule.

The ground upon which the District Court dismissed this action, as well as the ground on which appellees' Motion to Dismiss is based, is stated in the order to be:

"that Feed Service Corporation has a joint interest in the patent in suit and is an indispensable party within the meaning of Rule 19(a)." [R. 526].

Rule 19(a), as well as Rule 19(b), Federal Rules of Civil Procedure, were both revised and amended in 1966 and, as amended, read as follows:

"(a) Persons to be Joined if Feasible. A *person who is subject to service of process* and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action *if (1) in his absence complete relief cannot be accorded among those already parties, or (2) he claims an interest relating to the subject of the action and is so situated that the disposition of the action in his absence may (i) as a practical matter impair or impede his ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of his claimed interest.* If he has not been so joined, the court

shall order that he be made a party. If he should join as a plaintiff but refuses to do so, he may be made a defendant, or, in a proper case, an involuntary plaintiff. If the joined party objects to venue and his joinder would render the venue of the action improper, he shall be dismissed from the action.” (emphasis added).

“(b) Determination by Court Whenever Joinder not Feasible. *If a person as described in subdivision (a) (1)-(2) hereof cannot be made a party, the court shall determine whether in equity and good conscience that action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. The factors to be considered by the court include: first, to what extent a judgment rendered in the person’s absence might be prejudicial to him or those already parties; second, the extent to which, by protective provisions in the judgment, by the shaping of relief, or other measures, the prejudice can be lessened or avoided; third, whether a judgment rendered in the person’s absence will be adequate; fourth, whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder.*” (Emphasis added.)

The amended rules were fully analyzed and discussed in *Barron and Holtzoff*, “*Federal Practice and Procedure*”, Rules Edition, Section 521, as quoted in full in Appendix D page 8a to this brief.

Rule 19(a), Federal Rules of Civil Procedure, expressly provides that it applies only where it is *feasible* to join an absent person; and, even then, it applies only

where the absent person asserts a claim of the character defined by subdivisions 1 and 2 of the rule, neither of which is the case here.

It should be pointed out that, while Rule 19(b) was not invoked, by reference, it also incorporates the requirements of subdivisions (1) and (2) of Rule 19(a); Rule 19b appearing to apply only where the absent person asserts a claim of the character required by said subdivisions.

Apart from the fact that Feed Service is not subject to service of process, it is Appellant's fundamental contention that a non-exclusive patent license, such as held by Feed Service, does not include or convey any ownership or other interest in the patent which could render it an indispensable or even a permissible party.

*Waterman v. Mackenzie*, 138 U.S. 252, 256, 11 S. Ct. 334, 34 L. Ed. 923; and

*Western Electric Co. v. Pacent Reproducer Corp.*, 42 F. 2d 116 (C.A. 2, 1930), cited under Paragraph IV, C, of this brief.

However, even if it could properly be held that a non-exclusive license constitutes a claim or interest of the character required by the rules, it is submitted that the Court below properly should have weighed the alleged claim in the light of the provisions of Rule 19-(b)\*.

As pointed out in *Barron and Holtzoff, Federal Practice and Procedure, Rules Edition, Section 512*, quoted in full in Appendix D, page 8a to this brief,

---

\*The moving party, however, did not place before the court any showing as to the factors expressly required by the rule to be considered by the court in applying the discretionary powers provided by the rule.



the 1966 amendments to Rule 19, Federal Rules of Civil Procedure, were not so much for the purpose of changing the meaning and purport of the old rule, as it previously had been applied by the courts, but, rather, the amendments were for the purpose of clarifying the rule and making its application more equitable and less rigid, harsh and inflexible. That is, the amended rule enables the court to avoid the harsh remedy of summarily dismissing an action, as the Court did in this case, by directing that the case proceed to judgment between the parties already before the court, in which case appropriate protective clauses could be included in the judgment to avoid any prejudice with respect to any claim or interest asserted by the absent party.

Prior to the 1966 amendments to the rule, it had been interpreted by this court in the leading case of *State of Washington v. United States*, C.A. 9, 1936, 87 F. 2d 421, 427, from which this court quoted approvingly in *Stumpf v. Fidelity Gas Co.*, C.A. 9, 1961, 294 F. 2d 886, as follows:

“There are many adjudicated cases in which expressions are made with respect to the tests used to determine whether an absent party is a necessary party or an indispensable party. From these authorities it appears that the absent party must be interested in the controversy. After first determining that such party is interested in the controversy, the court must make a determination of the following questions applied to the particular case: (1) Is the interest of the absent party distinct and severable? (2) In the absence of such party, can the court render justice between the parties before it? (3) Will the decree made, in

the absence of such party, have no injurious effect on the interest of such absent party? (4) Will the final determination, in the absence of such party, be consistent with equity and good conscience?"

A recent decision interpreting the rule *as amended* is as follows:

"Since the amendments to Rule 19 of the Federal Rules of Civil Procedure, the former designations of proper, necessary, and indispensable parties have given way to the concept of parties regarded as indispensable by the Court for just adjudication. Whenever joinder of a party is not feasible, the Court must determine whether such party's presence is indispensable for just adjudication. Rule 19(b) of the Federal Rules of Civil Procedure suggests the factors to be considered by the Court in this determination."

*Norvell v. McGraw-Edison Co.*, 154 USPQ 355, 356 (1967, E.D. Wis.).

It is believed that the District Court's decision summarily dismissing the present action for the non-joinder of Feed Service, which is not subject to service of the court's process, aptly points up the advisability of the 1966 amendments to Rule 19, because the summary dismissal here, unless reversed, deprives Appellant of an adequate remedy for the alleged infringement by Appellees; which result could have been avoided by the Court applying the discretionary powers provided by the amended rule.

**B. Even a Patent Owner, Which Is Beyond the Reach of Process, Will Be Bound by a Judgment Rendered in Its Absence When It Has Been Invited but Refused to Join Voluntarily.**

As pointed out under Paragraph II A of this brief, Appellant gave Feed Service notice of the imminent filing of this action and invited it to appear voluntarily, which invitation was declined, after which refusal this action was commenced. Thus, whether or not Feed Service claims any actionable interest in the patent, it would nevertheless be bound by the judgment.

“The owner beyond the reach of process may be made coplaintiff by the licensee, but not until after he has been requested to become such voluntarily. If he declines to take any part in the case, though he knows of its imminent pendency and of his obligation to join, he will be bound by the decree which follows.”

*Independent Wireless Telegraph Company v. Radio Corporation of America*, 1926, 269 U.S. 459, 70 L. Ed. 357.

**C. A Non-Exclusive Licensee Is Not a Proper Party to a Patent Infringement Action.**

The patent statute (35 U.S.C. 154) defines a patent grant as consisting solely of the “*right to exclude others* from making, using or selling the invention.” The patent document also defines the grant in the same language.

Prior to 35 U.S.C. 154, the statute defined the patent grant as consisting of the “exclusive right to make, use and sell the invention”, although the Courts had interpreted that provision as meaning only “the right

to exclude others". See the revision note accompanying 35 U.S.C. 154, reading as follows:

"The wording of the granting clause is changed to 'the right to *exclude others* from making, using, or selling', following language used by the Supreme Court, to render the meaning clearer."

Prior to 35 U.S.C. 154, the Supreme Court had held, in *Special Equipment Company v. Coc*, 324 U.S. 370, 89 L. Ed. 1006, 1012, as follows:

"The patent grant is not of a right to the patentee to use the invention, for that he already possesses. It is a grant of the right to exclude others from using it."

Therefore, in order to have any right to *exclude others* from the patent monopoly, a licensee must hold a license which is at least *exclusive* to all or part of the United States. A non-exclusive licensee does not possess any such right.

35 U.S.C. 100 defines a patentee as:

"a person or persons to whom the patent was issued and its *successors in title* to the patent."

35 U.S.C. 261 provides that an assignment or conveyance of any title to a patent must be in writing and must convey *an exclusive right* to the patent in all or part of the United States.

35 U.S.C. 281 (defining remedies for patent infringement) only provides that a "patentee" (as defined in 35 U.S.C. 100) shall have remedy by civil action for infringement of its patent.

Justice Biggs of the Third Circuit in *Innis, Speiden & Co. v. Food Machinery Corporation* (1942), 2 F.R.D.

261, defined a license (non-exclusive) as being nothing more than the grant of authority to practice the invention, and likens such a license to the grant of a simple easement across "Blackacre", saying:

"The possessor of the easement has the privilege to cross the land but has no right to prevent anyone else from doing so. The owner of the land is not compelled to take any step to protect his grantee's right to cross Blackacre."

That opinion further stating that such a licensee

"has no such interest as to make him either a necessary or proper party to a bill filed to restrain the infringement of a patent right."

The landmark decision of the Supreme Court in point is *Waterman v. Mackenzie*, 138 U.S. 252, 255, 34 L. Ed. 923, from which the following is a quotation:

"Every patent issued under the laws of the United States for an invention or discovery contains "a grant to the patentee, his heirs and assigns, for the term of seventeen years, of the exclusive right to make, use, and vend the invention or discovery throughout the United States and the Territories thereof.' Rev. Stat. §4884.\* The monopoly thus granted is *one entire thing*, and cannot be divided into parts, except as authorized by those laws. The patentee or his assigns may, by instrument in writing, assign, grant, and convey, either (1st) the whole patent, comprising the *exclusive* right to make, use and vend the invention throughout the United States; or (2d) an undivided part or share

---

\*Now 35 U.S.C. 154.

of that *exclusive* right; or (3rd) the *exclusive* right under the patent within and throughout a specified part of the United States. Rev. Stat. § 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. *Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent.* (Emphasis added.)

See also *Western Electric Co. v. Pacent Reproducer Corp.*, 42 F. 2d 116 (C.A. 2, 1930), as follows:

“In its simplest form, a license means only leave to do a thing which the licensor would otherwise have a right to prevent. Such a license grants to the licensee merely a privilege that protects him from a claim of infringement by the owner of the patent monopoly . . . *He has no property interest in the monopoly of the patent, nor any contract with the patent owner that others shall not practice the invention.* Hence the patent owner may freely license others, or may tolerate infringers, and in either case no right of the patent licensee is violated. Practice of the invention by others may indeed cause him pecuniary loss, but it does him no legal injury.”

\* \* \*

“If the licensee is granted not only leave to make, use and vend the invention, *but also the right to exclude from the licensed field every one else,*

*including the patent owner himself, the grant may amount to an assignment of an interest in the patent, entitling the licensee to sue an infringer in his own name; if it is less inclusive, it remains a license. Waterman v. Mackenzie, 138 U.S. 252, 265, 11 S. Ct. 334, 34 L. Ed. 923."*

**D. The Undisputed Record Shows Appellant to Be the Sole Owner of the Patent in Suit.**

The patent document [R. 336] shows that the patent originally issued to appellant and Feed Service as co-owners. By the Assignment, Exhibit A, appellant acquired all the right, title and interest of Feed Service in the patent. There is no issue as to the authenticity of those documents. During argument, Appellees' counsel advanced the bare conclusionary argument that Exhibits A and B were "shams", but being entirely unsupported, that characterization is nothing more than an advocate's conclusion, and of course is not a competent challenge. In fact, the advocate's conclusion is not even supported by an affidavit, and appellees have also failed to refute Appellant's affidavit (Appendix C, p. 5a), stating the facts of the transaction out of which Exhibits A and B arose. In any event, if Appellees had intended seriously to urge or to raise any such issue, they had the burden under Rule 8, Federal Rules of Court Procedure of alleging affirmatively upon what it was based so that the issue could be fully explored by discovery, evidence and examination of witnesses at a trial. Factual questions cannot be summarily resolved on the basis of disputed affidavits.

As held by this Court in *Hoffman v. Babbitt Bros. Trading Co.*, C.A. 9, 1953, 203 F. 2d 636, 637:

“It will be remembered that the court had held that a cause for relief had been stated. Now we quote from our opinion in *Lane Bryant, Inc. v. Maternity Lane Ltd. of Cal.*, 9 Cir., 1949, 173 F. 2d 559, 564: ‘We come to the question: Can the judgment be affirmed as one in a summary proceeding? We have already held that a cause of action has been stated by the complaint. The affidavits upon their broadest application do no more than to present to the trier of fact evidence upon material issues. They do not absolve the issues as matters of law. Therefore, the judgment cannot validly be based upon the summary trial by affidavits. The plaintiff-appellant is entitled to have its complaint responded to by answer and both parties are entitled to have the issues tried through the introduction of exhibits and witnesses produced for direct and cross-examination.’ This is a statement of the general law and we know of no deviation from it.”

In its opinion in the latter case, this Court approvingly quoted from *Barron and Holtzoff, Federal Practice and Procedure, Rules Edition, Vol. 3, Section 1231*, the following:

“The summary judgment procedure is not a substitute for the trial of disputed issues of fact. On a motion for summary judgment the court cannot try issues of fact. It can only determine whether there are issues to be tried. The procedure is well adapted to expose sham claims and defenses



but cannot be used to deprive a litigant of a proper trial of genuine issues of fact. Summary judgment is not proper where the facts are uncertain. It cannot be used to determine questions of fact without an adequate and proper hearing. Rule 56 is not merely directory but affects the substantial rights of the litigants and since it provides a somewhat drastic remedy it must be used with a due regard for its purposes, and a cautious observance of its requirements in order that no person will be deprived of a trial of disputed factual issues.

\* \* \*

This constitutional principle is also borne out by the Supreme Court's decision in *Societe Internationale v. Rogers*, 357 U.S. 197, 2 L. Ed. 2d 1255, in which the Supreme Court held that Federal Rules of Civil Procedure which permit of summary disposition of fact issues must be interpreted in the light of the Due Process Clause of the Constitution, and that fact issues cannot be resolved without allowing the parties full rights to cross examination at a trial.

While it is not known whether the District Court, in reaching its decision, gave any weight to the unsupported suggestions of "sham", an examination of two statements contained in the Court's order might possibly suggest that the Court may have been misled by the remark. That is, the order of dismissal [R. 526] contains the statement that the agreements Exhibits A and B were entered into "to circumvent Rule 19(a)". Of course, that rule became moot after appellant be-

came the sole owner of the patent, but there is no support for the suggestion that the agreements were entered into for any ulterior purpose.

The Court order also contains the statement that, after those agreements were entered into, "Feed Service still had all the rights it had as co-owner". This statement is fully refuted by the written agreements themselves, which show that, before the assignment Exhibit A, Feed Service was a co-owner of the patent and, as such, had a right to sue to exclude others from practicing the patented invention, while, after the agreement, it did not have any such right.

**E. The District Court's Order of Dismissal Is  
Final and Appealable.**

The Court's order did not direct the submission of any findings, conclusions or judgment, and none were made. Appellant could not have overcome the dismissal by amending the complaint even if the order had permitted such an amendment, which it did not, because jurisdiction could not be obtained over Feed Service. Thus, after the dismissal order, appellant did the only thing he could. He filed motion for new trial, which was denied, and he then noticed an appeal to this Court.

*Kelly v. Delaware River Joint Commission*, 187  
F. 2d 93, C.A. 3, 1951.

**Conclusion.**

Wherefore, Appellant respectfully submits that the District Court's order of dismissal should be reversed with direction to proceed to trial and judgment between the parties now before the Court. In that event, Appellees would have full opportunity to plead and prove, if they have any such evidence, that Feed Service is an "indispensable" party as claimed by appellees.

Respectfully submitted,

MASON & GRAHAM,

COLLINS MASON,

WILLIAM R. GRAHAM,

By COLLINS MASON,

*Attorneys for Plaintiff and  
Appellant.*

RAY, QUINNEY & NEBEKER,

C. PRESTON ALLEN,

*Of Counsel.*



### **Certificate.**

I certify that, in connection with the preparation of this brief, I have examined Rules 18, 19 and 39 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

COLLINS MASON









## APPENDIX A.

### Patent Assignment.

WHEREAS, PHILIP C. ANDERSON, of Crete, Nebraska, and FRANK N. RAWLINGS, of Caldwell, Idaho, are joint inventors and patentees of the following United States Letters Patent:

2,748,001, dated May 29, 1956; and

2,807,546, dated September 24, 1957; and

WHEREAS, the undersigned FEED SERVICE CORPORATION, a Nebraska corporation, having its principal place of business in Crete, Nebraska, has heretofore acquired and now owns an undivided one-half of the entire right, title and interest in and to said letters patents and each thereof; and

WHEREAS, said FRANK N. RAWLINGS now owns the remainder of the entire right, title and interest in and to said patents and each thereof, and now desires to acquire all said right, title and interest of said FEED SERVICE CORPORATION in and to said patents and each thereof;

NOW THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt and adequacy of which are hereby acknowledged, the undersigned FEED SERVICE CORPORATION does hereby sell, assign, transfer and set over unto said FRANK N. RAWLINGS, his heirs, assigns, successors and legal representatives, all its said undivided one-half of the entire right, title and interest in and to said patents and each thereof, as well as the right to sue and recover for all past infringement thereof.

IN WITNESS WHEREOF, this assignment has been executed at Crete, Nebraska, on this 27th day of December, 1965.

FEED SERVICE CORPORATION

By Philip C. Anderson

President

By Norma Gene Anderson

Secretary

State of Nebraska, County of Saline—ss.

On this 25th day of March, 1966, before me, personally appeared Philip C. Anderson, known to me to be the President, and Norma Gene Anderson known to me to be the Secretary, of FEED SERVICE CORPORATION, a Nebraska corporation, who executed the within instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

/s/ .....

Notary Public in and for  
said County and State

---

## APPENDIX B.

### Patent License Grant.

WHEREAS, the undersigned FRANK N. RAWLINGS, of Caldwell, Idaho, now owns the entire right, title and interest in and to the following United States Letters Patents and each thereof:

No. 2,748,001, dated May 29, 1956; and

No. 2,807,546, dated September 24, 1957; and

WHEREAS, FEED SERVICE CORPORATION, a Nebraska corporation, having its principal place of business in Crete, Nebraska, desires to acquire the hereinafter described nonexclusive license rights under said patents and each thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration, receipt and adequacy of which are hereby acknowledged, the undersigned FRANK N. RAWLINGS does hereby grant and convey to said FEED SERVICE CORPORATION, an unlimited, royalty-free, non-exclusive, and non-cancellable right and license to make, use and sell the products and use the methods of said patents and each of them, and to sublicense others so to do. The right and license herein granted shall be effective until said letters patents and each of them shall expire.

IN WITNESS WHEREOF, the undersigned has executed this document at Caldwell, Idaho, this 27th day of December, 1965.

/s/ Frank N. Rawlings

FRANK N. RAWLINGS

State of Idaho, County of Canyon—ss.

On this 18th day of March, 1966, before me, personally appeared FRANK N. RAWLINGS, to me known to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

/s/ Hazel F. Hansen

Notary Public in and for said  
County and State

Commission expires 6-6-69

---

## APPENDIX C.

## Affidavit of Frank N. Rawlings.

United States District Court, Central District of California.

Frank N. Rawlings, Plaintiff, vs. National Molasses Co., a corporation; Orita Land & Cattle Corporation, a corporation; Heber Cattle Feeders, a corporation; and Allied Cattle Feeders, a corporation, Defendants. Civil Action No. 65-592-MC.

State of Idaho, County of Canyon—ss.

FRANK N. RAWLINGS, being first duly sworn, deposes and says:

The facts relating to the transaction by which I obtained an assignment of all the right, title and interest of Feed Service Corporation (Exhibit A), and granted Feed Service Corporation a non-exclusive license (Exhibit B), are as follows:

Prior to said agreements, Feed Service Corporation owned an undivided half of the title to United States Patents Nos. 2,748,001 and 2,807,546, and I owned the other half. When the matter of commencing the above identified infringement action arose, I wrote to Feed Service Corporation on December 7, 1964, inquiring as to whether it would join in the above-identified infringement action as a co-owner of the patents. I received a letter from Feed Service Corporation under date of December 22, 1964, from which the following is quoted:

“Your letter of December 7th has come to the top of the pile that I faced upon my return.

“We are not in a position to join with you in a suit against National Molasses. The reasons are that (1) we would not want to alienate their parent company and (2) that we do not have the capital nor the managerial time required.”

To understand why Feed Service Corporation was unwilling to risk alienating the parent company of defendant National Molasses Company, it should be pointed out that Feed Service Corporation is a producer of ruminant cattle feed supplements, an ingredient of which is molasses, and the parent company of National Molasses Company is an important producer and supplier of molasses, so that, as stated in its said letter, Feed Service Corporation desired to avoid the risk of alienating an important source of molasses. Also, as stated in its letter, Feed Service Corporation claimed that it had neither the financial capability nor the time which would be necessary to join in the prosecution of a patent infringement action.

Therefore, as a result of the subsequent negotiations, which were participated in by the attorneys for the respective parties, it was agreed as follows: that Feed Service Corporation would relinquish and assign to me its half interest in the title to the patents, and that I would pursue the infringement action entirely on my own, and grant Feed Service Corporation a non-exclusive license.

Said assignment document (Exhibit A) and license document (Exhibit B) memorialize bona fide transactions supported by mutual considerations—that is, Feed Service Corporation surrendered all its rights to enforce the patent monopolies but avoided the possibility

of alienating an important source of molasses, avoided expenses and liabilities arising out of prosecuting infringement actions, and also received a non-exclusive license to use the inventions and to grant sublicenses to others, while I received Feed Service Corporation's one-half of the title to the patents.

There is no other agreement relating to the transaction or subject matter, and Feed Service Corporation has no right and makes no claim to any right to recover damages in this or any other action for infringement of the patents or to in any way control or participate in any action to enforce the patent.

FRANK N. RAWLINGS

Frank N. Rawlings

Subscribed and sworn to before me this 17th day of January, 1967.

Hazel F. Hansen

Notary Public in and for said

County and State

Comm. Expires 6-6-69

(Seal)

\_\_\_\_\_

## APPENDIX D.

1966 Pocket Part of Barron and Holtzoff's "Federal Practice and Procedure", Rules Edition, Section 512, Page 25 of the Pocket Part.

"Rule 19 was completely rewritten in 1966. The former text of the rule was defective in many respects, as is pointed out in the text of the main volume and elsewhere. It purported to speak in rigid legal categories, when what is in fact involved is a discretionary balancing of conflicting interests. The new emphasis of the amended rule is evident even from the title, which speaks of 'Joinder of Persons Needed for Just Adjudication', where the old rule spoke of 'Necessary Joinder of Parties.' The new rule will produce a change of method, more than of result. Probably most cases will be decided the same way under the new rule as under the old, but the new rule requires the court to face squarely the pragmatic considerations which properly should be controlling.

"New Rule 19(a) defines a person as needed for just adjudication if '(1) in his absence complete relief cannot be accorded among those already parties, or (2) he claims an interest relating to the subject of the action and is so situated that the disposition of the action in his absence may (i) as a practical matter impair or impede his ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of his claimed interest.' The class of persons thus defined is roughly equivalent to those who would in the past have been classified as either 'indispensable' or 'necessary',



but the old labels are not used, and old decisions applying the labels are not controlling.

“If the absent person falls into the class thus defined, and he is subject to the process of the court and his joinder will not deprive the court of jurisdiction over the subject matter of the action, he must be made a party.

“If the absent person needed for a just adjudication cannot be made a party, because of difficulties of service of process or subject matter jurisdiction, or if he is made a party and then dismissed because he validly objects to venue, the court must consider whether the action should continue without him. Rule 19(b) directs the court to determine whether in equity and good conscience the action should proceed among the existing parties, or whether it should be dismissed. If the court concludes that it should be dismissed, the absent person has been regarded as ‘indispensable.’ but this is a conclusory label, to be applied after determining to dismiss the action, and does not bring back into the rule the body of case law categorizing particular parties as ‘indispensable’. In determining whether to proceed or to dismiss the suit, Rule 19(b) directs the attention of the court to four factors which must be considered, although they are not the only relevant factors which may be considered.

“The first factor to be considered is ‘to what extent a judgment rendered in the person’s absence might be prejudicial to him or those already parties.’ Second, the court must consider ‘the extent to which, by protective provisions in the judgment, by the shaping of relief, or other measures, the prejudice can be lessened or avoided.’ Thus the court may use protective

provisions, or give alternative forms of relief. The existing parties may be able to take steps to lessen or avoid prejudice, or the absentee may be able to avert prejudice to himself by appearing voluntarily. Third, the court is directed to consider 'whether a judgment rendered in the person's absence will be adequate.' Fourth, the court must consider 'whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder' of the absentee. After consideration of all of these factors, and any others which may be relevant in the particular case, the decision to proceed or dismiss must be made."

---

## APPENDIX E.

### List of Exhibits.

The only exhibits in the case are those which were filed as exhibits to the various motion papers, which appear in the record as follows:

- R. 330 Defendants' Affidavit of Joint Interest accompanying Defendants' Motion to Dismiss.
- R. 332 Patent Assignment, Exhibit A, to Defendants' Motion to Dismiss.
- R. 334 Patent License Grant, Exhibit B to Defendants' Motion to Dismiss.
- R. 336 U. S. Patent 2,748,001 attached to Defendants' Motion to Dismiss as Exhibit C.
- R. 569 Plaintiff's Affidavit, Appendix C, page 5-a.

